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CHattel Mortgages—When Void as Against Trustee in Bankruptcy of Mortgagor.—The plaintiff brought his action to secure a decision as to whether or not money held by him belonged to defendant or to himself as trustee in bankruptcy. Prior to its bankruptcy, the company, of which plaintiff subsequently became trustee, borrowed money of defendant, giving him as security its bonds secured by a chattel mortgage. By agreement between the parties, this mortgage remained for some time unrecorded, and was not recorded until two days after the entering of judgments in favor of a creditor. *Held*, that under Bankruptcy Act July 1, 1898, Sec. 67 "a," "b" (U. S. Comp. St. 1901, p. 3449), the chattel mortgage being void as to a judgment creditor, because of failure to record before the recovery of judgment, was void as against the trustee in bankruptcy of the mortgagor. *Gove v. Morton Trust Co.* (1904), 89 N. Y. Sup. 247.

Where the statutes of a state provide that the recording of a chattel mortgage shall be essential to its validity, such mortgage will not operate as a lien against the mortgagor's trustee in bankruptcy unless there be compliance with the state law in this respect. *In re Wright*, 107 Fed. Rep. 428; *In re Leigh et al.*, 96 Fed. Rep. 806. The court, in one case, says that a trustee in bankruptcy "stands in the position of a purchaser for value without notice," and that a creditor who had failed to comply with the state recording law could not enforce an unrecorded chattel mortgage as against a trustee in bankruptcy. *In re Booth's Estate*, 98 Fed. Rep. 975. In *In re New York Economical Printing Co.*, 110 Fed. Rep. 514, however, the court says that the trustee, under the bankruptcy act, is vested with a right or title to the property of the bankrupt no better than that which belongs to the bankrupt's creditor or to the bankrupt himself at the time at which the title of the trustee accrues. To the same effect is *In re Standard Laundry Co.*, 116 Fed. Rep. 476. The federal courts hold that where the laws of a state do not require the recording of chattel mortgages in order to give them validity, the bankruptcy courts, sitting within the state, will recognize such a rule and will enforce, as valid, liens created by unrecorded chattel mortgages. *In re Josephson*, 116 Fed. Rep. 404.

CONSTITUTIONAL LAW—CLASS LEGISLATION—RESTRICTIONS UPON BUILDING AND LOAN ASSOCIATIONS.—Plaintiff sues for a writ of habeas corpus to be released from imprisonment under the criminal charge of soliciting and securing an application for a building and loan association. Chapter 77 of the Laws of the Twenty-ninth General Assembly of Iowa provides that only incorporated societies can enter upon such business, and fixes a penalty for its violation. Plaintiff contends that the act of the legislature is unconstitutional and void as repugnant to the Fourteenth Amendment of the U. S. Constitution and Article 3 of the Iowa Constitution. *Held*, that the law is constitutional and not class legislation; that the interests of the public required such action, and that there was such distinction between corporations and natural persons as to justify the classification. *Brady v. Mattern* (1904), — Iowa —, 100 N. W. Rep. 358.

The law does not absolutely prohibit natural persons from entering into the business, but merely requires them to incorporate, in order to secure the

interests of the public. Corporations are easily supervised and held accountable to the public, while it is difficult, if not impossible, to do that with natural persons. The Supreme Court in the case of *Barbier v. Connolly*, 113 U. S. 27, declared "that the Fourteenth Amendment of the U. S. Constitution is not designed to interfere with the police power of the states to prescribe regulations to promote the health, peace, education, morals, and good order of the people," and the decision in the principal case seems to be based upon this. Similar distinctions have been upheld by several state courts. North Dakota held the same distinction in regard to the banking business. *State v. Woodmansee* (1890), 1 N. D. 246, 46 N. W. Rep. 970. Pennsylvania held the same restriction constitutional regarding insurance companies, although three justices dissented. *Commonwealth v. Wrooman* (1894), 164 Pa. St. 306, 30 Atl. 217. See also MORSE ON BANKING (2d Ed.), p. 1. California held that taxing the franchise of a corporation was not a discrimination between corporations and individuals, in violation of the Fourteenth Amendment. *Bank v. County of San Francisco* (1904), 142 Cal. 276. But the proposition has received some dissent. It has been held in South Dakota that a law making such distinction between corporations and individuals is unconstitutional and void. *State v. Scougal* (1892), 3 S. D. 55, 51 N. W. Rep. 858.

CORPORATIONS—FOREIGN, TRANSACTING BUSINESS IN STATE—RIGHT OF ACTION—CONDITION PRECEDENT—INTER-STATE COMMERCE.—A Kansas statute forbids any corporation doing business in the state to maintain an action in any of the courts thereof without first filing certain annual reports with the secretary of state. The plaintiff, a foreign corporation, sued upon a note, given for the purchase price of machinery, the order for such machinery having been taken by an agent of plaintiff residing in Kansas. *Held*, (1) that a single transaction by a foreign corporation may constitute a "doing of business," where such transaction is a part of the ordinary business of the corporation; (2) that the statute is not violative of the commerce clause of the federal constitution, even when applied to corporations engaged solely in interstate commerce. *John Deere Plow Co. v. Wyland et al.* (1904), — Kan. —, 76 Pac. Rep. 863.

The court followed the better view that even a single act, if it shows an intention to continue business, may constitute a doing of business in the state. "The test is whether the acts done were part of the necessary work for effecting the object for which the association was created." *Commonwealth v. Long*, 1 Pa. Co. Ct. 190. See also *Beard v. Publishing Co.*, 71 Ala. 60. In respect to the main point involved the court takes an extreme position in construing the statute as applying to corporations engaged wholly in interstate commerce. By the great weight of authority, "doing business in the state," within the meaning of the state statutes regarding foreign corporations, does not include the transaction of the business of interstate commerce. *Cooper Mfg. Co. v. Ferguson*, 113 U. S. 727. However, the court maintains that the restriction of the statute is laid not upon the doing of business, but upon the use of the local courts. That a state can lawfully make such restrictions upon foreign corporations not engaged in interstate com-